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national farmers union

In Union is Strength

Government
Publications

**Submission
to the
Minister of Transport**

Saskatoon, Saskatchewan

February 3, 1979

National Farmers Union
Submission
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1. We have requested to meet you in order to convey our concern over recommendations contained in the recently completed Prairie Rail Action Committee Report.
2. The establishment of the Prairie Rail Action Committee was, we feel, but one of several actions taken by the federal government to undermine and alter recommendations contained in the Grain Handling and Transportation Commission report submitted April 18, 1977.
3. As an organization representing farmers who are the people most affected by branch rail line abandonment, we strongly resent the high-handed and superficial way in which the PRAC has approached the very real economic and social problems that their recommendations for abandonment, if accepted, will cause in much of the prairie region.
4. As an organization, we have always accepted the fact that the prairie branch rail line system was in need of rehabilitation and rationalization. We have never staked out a strict "retentionist" position, a term the chairman of the PRAC, Fred Anderson, so condescendingly applies to organizations which question the omnipotent judgment of his committee.
5. We have in fact expressed general "package" support for the findings of the Grain Handling and Transportation Commission Report which, we remind you, recommended for abandonment no less than 2165.5 miles of prairie branch rail lines after a thorough and exhaustive study that was more than two years in the making.
6. This level of abandonment with a few exceptions was, we felt, as great a disruption to the existing rail line system as could reasonably

be endured by the rural community.

7. It was therefore with concern and apprehension that we viewed the indecent haste exercised by your government in the announcement that the PRAC would be formed. Within six weeks and four days from the time the GHTC report was released and well before any opportunity for a public debate, a major step was taken to disembowel the major recommendation of the GHTC report.

8. It is thus unbelievably arrogant that the PRAC in its own words states:

"The retentionist picture of prairie society seems to be one of static decay, a picture of an indigent prairie grain industry served by dying towns, locked into a fixed and obsolete technology of production and transport,"

and further says such

"political and industrial leaders are performing a tragic disservice to an important industry dependent on efficiency for success in world markets." (Page 7)

9. The real tragedy of the prairie rail branch line system is that the railway companies have performed a disservice to the rural community by allowing their plant, equipment and service to decay, depreciate and deteriorate to the extent that the ability of grain producers in meeting commitments in world markets has at times been effectively sabotaged.

10. The extent of this disservice has been so massive that the federal government has time and again been forced to submit to the reality that the export of grain is in fact of some economic benefit to the nation and must somehow be transported to terminal positions. The railway companies, knowing this, have effectively exerted economic blackmail on the taxpayers of this country and extracted hundreds of millions of dollars in return for the provision of an essential service.

Essentially, little has been reinvested in upgrading branch rail lines by the companies within the past quarter century or more.

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11. The railway companies' justification for their negligence always falls back on the low level of statutory rates, but in reality they have received much more than statutory grain rates to continue operating the branch lines, including branch line subsidies and no less than 8000 federal-government-financed grain hopper cars.

12. The reality of rail line operations for grain movement seems at times to be less concerned with the level of statutory rates than it does to the fact that railway companies are more interested in other high return investments which are acquired with profits from rail line operations.

13. Government, having transferred massive financial grants to the railways now seems bent, through the PRAC report, on ridding itself of further responsibility by dismantling much more of the system than was visualized by the GHTC Report and transferring more of the costs of railway operations onto the backs of primary producers rather than integrating the two rail systems and undertaking rationalization exercises that would make real economic sense.

14. Nowhere in its report does the PRAC question or assess the role or responsibilities of railway companies toward rural communities. Its implied assumption in dealing with the entire problem appears to accept the premise that where railway companies are concerned, the major priority must be return to capital and shareholders and the user must pay in one fashion or another.

15. Those "retentionist" farmers who will be adversely affected by branch line abandonment are asking why they should willingly render themselves less efficient in their farming operations by being forced to haul longer distances. They are asking whether the railway companies should be functional to farming needs or farmers should be transformed into economic pawns functional to the needs of the railway companies.

16. The land which produces the grain to be transported does not relocate.

17. We regard as outright deceitful on the part of the PRAC report such unsubstantiated and self-serving statements as:

"Producers on PRAC lines frequently revealed that they were pleased to be participants in a dynamic industry of rapid change in which they were operating successfully by using purchasing and selling alternatives which offered them competitive advantages not tied to their nearest community and nearest elevator. Time and again producers impressed upon us that the quality of service at the end of the road was of much greater significance than the length of the truck haul. Formal presentations did not admit any such trade-off."
(Page 6)

18. We challenge the PRAC to identify how many such individuals expressed these sentiments, who and where they are.

19. In its own underhanded way, the PRAC has attempted to discredit the views of organized groups by implying that groups which argue for retention of certain rail lines do not in fact reflect the genuine views of the majority of grassroots producers.

20. We submit if the PRAC, the government and the CTC really wish to put the credibility of so-called "retentionist" organizations to the test, perhaps they might consider conducting a plebiscite among the 10,500 permit holders hauling to branch lines which the PRAC is placing on the chopping block to determine whether producers wish to have the branch lines retained or abandoned.

21. Further, Mr. Minister, we remind you that the 1416.1 miles of branch rail line recommended for abandonment by the PRAC report do not stand alone for possible scrapping within the context of the prairie rail network.

22. It is in addition to the 2165.5 miles of branch rail line recommended for abandonment by 1982 by the Grain Handling and Transportation Commission. In total, producers now must look toward the possibility of having no less than 3581.6 miles or nearly 57% of the total prairie

branch line rail network of 6299.3 miles reviewed by the CHTC abandoned, should the CTC rubber-stamp the PRAC's recommendations. It should not be suggested that if such massive abandonment take place, its disruptive effects would be minimal to rural communities.

23. However, the railway companies are not bound to limit their applications for abandonment to only those lines recommended for abandonment by the PRAC. They may also seek abandonment of any of the additional lines the PRAC or the GHTC has suggested should be added to the basic network, and indeed they already are doing so.

24. To attempt to equate the decline in population of many villages and towns as evidence of growing insignificance of the rail line to farmers of any given community for purposes of the grain haul is to introduce a factor of secondary relevance. Centralization of services has evolved over a long period of time and increased expenditures in roads by provinces are not an indication of their desire to transfer millions of additional ton miles of traffic on such roads to replace rail line services and thereby accommodate railway companies.

25. There is no question, grain can be gathered on branch rail lines if the will to do so is present. Certainly the labour input in moving a trainload of grain is considerably less than moving an equivalent volume of grain by truck. Where mileage distances for farm hauls are doubled or tripled, it is nonsense to state "rail abandonments will not cause large-scale new road ton miles to be created."

26. Branch rail lines have for a number of years almost exclusively served the grain trade. Increase in farm size has taken place because of increased technology - but productivity in the volume of grain produced has also increased and therefore the traffic on various branch lines has in fact increased. This is verified by the comparison of five-year average receipts to ten-year average receipts. Of the 40 lines recommended for abandonment by the PRAC, 5-year average receipts are

higher on 32 of the lines compared to 10-year averages and on 19 of these 32 lines, 1976-77 receipts exceeded the 5-year average receipts.

27. The delivery facilities on these rail branch lines have not, in reality, been abandoned to the extent that they have in some of the communities.

28. A major restriction to increasing grain deliveries to individual points along some of the branch lines has been the centralization policies applied by grain companies in the allocation of grain cars. This form of rationalization has taken place over a number of years and represents a more gradual form of adjustment than occurs in circumstances where the entire branch line disappears. The total abandonment of branch lines, however, will permanently remove the families of all elevator agents from the affected rural communities.

29. In its summary of recommendations, the PRAC stated:

"PRAC made a major effort to ensure that the dates it placed on abandonment recommendations reflect the capability of grain handling companies to adjust their facilities. PRAC has been assured by the companies that the abandonment schedule is tolerable. Indeed, the elevator companies require prompt and firm action on PRAC abandonment recommendations so that they can begin to make necessary adjustments to ensure good service at alternate points." (Page 964)

30. The credibility of the PRAC's statement has been seriously challenged by the Saskatchewan Wheat Pool board of directors which is reported in the Western Producer of January 25, 1979, as follows:

"The board said it disagrees with most of the PRAC abandonment recommendations in Saskatchewan although there may be a merit in a few."

31. Of 25 branch rail lines located in Saskatchewan, the Saskatchewan Wheat Pool has indicated its desire to retain 22 of the lines. The PRAC statement strongly implies that elevator companies, if in fact they were consulted, it apparently was to be informed of the PRAC's proposed recommendation as an accomplished fact.

32. A joint statement of the three prairie Wheat Pools describes the

PRAC report as "overly severe in recommending the abandonment of an unreasonably large portion of the rail network." (Saskatoon Star-Phoenix, Jan. 31/79)

33. For these several reasons, we urge:

- i) Your government reject the proposals contained in the Prairie Rail Action Committee report on the grounds that its recommendations are prejudicial to the social and economic welfare of the rural community.
- ii) Your government clearly and publicly affirm its intention to retain the present statutory rates that apply to the export movement of prairie grain.
- iii) Your government review and re-evaluate the recommendations of the Grain Handling and Transportation Commission Report.
- iv) Your government reassess its relationship to the two major railway companies with respect to the levels of public funding currently being directed toward these companies, with a view toward integrating the two rail lines into a publicly owned transportation facility, the purpose of which will be to serve the nation as an instrument of regional and national development and Canadian unity.

All of which is respectfully submitted,
THE NATIONAL FARMERS UNION.

